A journey of success forged in steel

Nam Leong has established a significant domestic presence. For FY2007, it posted sales of $70m, report CHARLES LIM JUN LIE, FABIAN PHUA and YUE RUI SHENG

Till a company that split into two just 10 years after it was formed, Nam Leong has recovered remarkably. It started out as a small partnership comprising eight members in 1998. In 1998, the partners of the company separated into two. Poh Boon Seng, the late father of Nam Leong's current chairman, David Poh, continued to oversee the company's operations. Mr Poh, who joined Nam Leong in 1974 and worked his way up from the bottom, has since taken over the reins of the company.

In the beginning, Nam Leong was a licensed moneylender turned supplier of sanitary ware and bathroom accessories. This remained Nam Leong's mainstay until the mid-1980s, when the need for fire protection systems in buildings became important because of increasingly stringent safety regulations.

Mr Poh was quick to recognise this opportunity to expand Nam Leong's business into steel products. Besides fitting out buildings with sanitary products, Nam Leong would also supply the steel pipes used in the installation of the fire protection systems. Mr Poh's younger brother, Mark Poh, stepped up to the challenge as managing director of Nam Leong said: "I had to actively approach contractors whenever I heard about upcoming projects to introduce our product features and prices to win over more customers.

In 2000, Nam Leong further diversified its steel business by expanding its scope beyond the construction industry to the marine and shipbuilding industries. Today, Nam Leong's steel inventory is extensive, encompassing products such as carbon steel pipes, valves and fitting steel products. The company is also a manufacturer of Butt Weld Fittings, which is a pipe fitting widely used in the building and construction, oil and gas, and shipbuilding industries. Another highly-acclaimed product is its GLENNSIL factory Pre-insulated Piping that is commonly used in both aboveground and underground water refrigeration and heating systems.

Under the leadership of the two brothers, Nam Leong has established a significant domestic presence. In FY2007, Nam Leong had a sales turnover of $70 million. The company aims to continue to build on its annual sales turnover, says Mr David Poh: "The sign of a great business is that it is able to build up and achieve better figures the next year and the year after that."

The company's success in its steel business has also enabled Nam Leong to make the list of winning companies in the 2008 Enterprise 50 Awards for the second consecutive year.

Every product at Nam Leong undergoes a series of meticulous quality-control checks before it is allowed to leave the company's factory or warehouse. In 2003, the company was awarded the ISO 9001:2000 certification for its outstanding quality management system. As Mr David Poh said: "Our products are of superior quality and hence customers always return to purchase from us."

Nam Leong also makes it a point to stock products that are already brand-name quality products in their own right. For example, the company is a stockist for the leading brands - a range of high-grade malleable iron pipe fittings - which is a big favourite among customers. This is also said to be Nam Leong's trademark product. Other similar high-quality products include 80N and GLENNSIL, both of which are wholly-manufactured by Nam Leong and certified under the PSB Product Listing Scheme in Singapore.

Its two factories spanning over 260,000 sq ft and using machinery from Sweden and Korea are able to customise products according to their customers' needs. Providing additional insulation to steel pipes and customised welding services give added value to its customers. Nam Leong's customised engineering also extends to include fabrication and machining services.

Nam Leong has clinched major contracts at the two integrated resorts - Marina Bay Sands and Resorts World Sentosa. Besides private contracts, government bodies such as JTC Corporation also form a major part of the company's clientele.

Over the years, Nam Leong has successfully overcome several crises through a strategy of active customer-sourcing and fair product pricing. With lower supply prices, it has also expanded its range of products and widened its specifications. For example, it has introduced high tensile material for pipe and fittings. "Nevertheless, we seek to undertake this expansion with caution and prudence," said Mr Mark Poh.

The company is trying to expand beyond the local market. Apart from operations in Malaysia, mainly involving trading with a network of hardware shops, the company has invested in steel fabrication companies in Europe and America. A global journey has begun.

The writers are students of the NUS Business School